

MEMO# 6191

September 2, 1994

SEPTEMBER 13 MEETING TO DISCUSS IRS RULINGS ON MULTI-CLASS ARRANGEMENTS

VIA FAX September 2, 1994 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 45-94 TAX COMMITTEE NO. 29-94 RE: SEPTEMBER 13 MEETING TO DISCUSS IRS RULINGS ON MULTI-CLASS ARRANGEMENTS _____ For many years, it has been a common practice for mutual funds adopting a multi-class structure to obtain a letter ruling from the IRS to the effect that adopting the structure will not cause adverse tax consequences for the fund or its shareholders. To obtain a ruling, a fund must make certain representations concerning the proposed structure and its operation. A working group at the IRS is drafting a sample set of representations that each fund seeking a ruling concerning a multi-class arrangement would be required to make as a condition of receiving a ruling. We understand that the IRS recently stated that funds must make the following representation concerning the differences between the distributions to be made on the different classes of shares in the funds: "The sum of the annual distributions per share of each class of a fund and the annual amounts per share paid by the fund for shareholders of that class will differ from the sum of the annual distributions per share of each other class of that fund and the annual amounts per share paid by the fund for the shareholders of the other class by less than 50 basis points of the average NAV per share of the class with the smallest NAV per share. The annual amounts per share paid by the fund for the shareholders of a class include only..." A number of members have expressed concerns about this representation. The Institute has scheduled a meeting to discuss the representations being requested by the IRS and to address any problems they may cause. Please be prepared to discuss any representations the IRS has requested during its recent consideration of ruling requests dealing with multi-class arrangements and any concerns you have regarding the representations. The meeting will be held at the Institute's offices at 1401 H Street, N.W., Washington, D.C., beginning at 2:00 p.m. Lunch will be available before the meeting. Please indicate on the attached form if you plan to attend. Peter Cinquegrani Assistant Counsel - Tax Attachment Please fax this portion to Theresa Brice, Investment Company Institute, 202-326-3841. Meeting to Discuss Multi-Class Ruling Process 2:00 p.m., Tuesday September 13, 1994 Investment Company Institute I (We) plan to attend the meeting Check here if you wish to have lunch G ATTENDEE (S) COMPANY NAME

should not be considered a substitute for, legal advice.